

Message Text

UNCLASSIFIED

PAGE 01 USUN N 05829 01 OF 02 092136Z

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ACTION IO-10

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SS-15 AID-05 COME-00 EB-07 FRB-01 TRSE-00 XMB-04

OPIC-06 CIEP-02 LAB-04 SIL-01 OMB-01 STR-04 TAR-01

OIC-02 /141 W

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TO SECSTATE WASHDC IMMEDIATE 8331

UNCLAS SECTION 1 OF 2 USUN 5829

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SUBJ: 29TH GA: SECOND COMITE ITEM 12 - DRAFT RES

ON MONETARY REFORM (A/C.2/L.1373/REV.1)

REF: USUN 5821

DOC A/C.2/L.1373/REV.1 INADVERTENTLY NOT TRANSMITTED

REFTEL. TEXT FOLLOWS:

REPORT OF THE ECONOMIC AND SOCIAL COUNCIL

ALGERIA, DAHOMEY, ECUADOR, GUYANA, INDIA, IRAN,
KENYA, MALI, MEXICO, NIGERIA, PERU AND SRI LANKA:
REVISED DRAFT RESOLUTION

REFORM OF THE INTERNATIONAL MONETARY SYSTEM

THE GENERAL ASSEMBLY,

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PAGE 02 USUN N 05829 01 OF 02 092136Z

RECALLING ITS RESOLUTIONS 3201 (S-VI) AND 3202 (S-VI)

OF 1 MAY 1974 ON THE ESTABLISHMENT OF THE NEW INTERNATIONAL ECONOMIC ORDER,

RECALLING ALSO ITS RESOLUTION 3084 (XXVIII) OF 6 DECEMBER 1973 ON THE REFORM OF THE INTERNATIONAL MONETARY SYSTEM,

RECOGNIZING THAT THE ATTAINMENT OF THE PURPOSE OF THE REFORM OF THE INTERNATIONAL MONETARY SYSTEM ALSO DEPENDS UPON ARRANGEMENTS FOR INTERNATIONAL TRADE, CAPITAL, INVESTMENT, AND DEVELOPMENT FINANCE INCLUDING THE ACCESS OF DEVELOPING COUNTRIES TO CAPITAL MARKETS IN DEVELOPED COUNTRIES,

EMPHASIZING IN THIS CONNEXION THE AGREED OBJECTIVE THAT IN ORDER TO PROMOTE ECONOMIC DEVELOPMENT, ANY REFORMED MONETARY SYSTEM MUST BE CARRIED OUT SIMULTANEOUSLY WITH EFFECTIVE ARRANGEMENTS TO PROMOTE AN INCREASING NET FLOW OF REAL RESOURCES TO DEVELOPING COUNTRIES,

RECOGNIZING FURTHER THAT THE QUESTION OF ESTABLISHING A LINK BETWEEN DEVELOPMENT FINANCE THAT THE QUESTION OF ESTABLISHING A LINK BETWEEN DEVELOPMENT FINANCE AND SPECIAL DRAWING RIGHTS ALLOCATION HAS BEEN THOROUGHLY EXAMINED AND THE TECHNICAL FEASIBILITY FULLY ESTABLISHED,

TAKING NOTE THAT THE BOARD OF GOVERNORS OF FMI/IBRD HAVE ESTABLISHED A JOINT MINISTERIAL COMMITTEE ON THE TRANSFER OF REAL RESOURCES TO DEVELOPING COUNTRIES ALSO CALLED IBRD/IMF DEVELOPMENT COMMITTEE,

1. TAKES NOTE OF THE RECOMMENDATIONS PRESENTED BY THE COMMITTEE OF 20 ON REFORM OF THE INTERNATIONAL MONETARY SYSTEM AND RELATED ISSUES AND THE RESOLUTIONS ADOPTED BY THE BOARD OF GOVERNORS OF THE INTERNATIONAL MONETARY FUND, BOTH WITH REGARD TO THE IMMEDIATE STEPS AND THE LONGER-TERM REFORM, AND STRESSES THE NEED TO CONTINUE EFFORTS TOWARDS A REFORMED WORLD MONETARY SYSTEM IN LINE WITH THE PRINCIPLES AND OBJECTIVES OF THE DECISIONS TAKEN BY THE GENERAL ASSEMBLY ON A NEW INTERNATIONAL ECONOMIC ORDER, BASED ON CO-OPERATION AND CONSULTATION WITHIN THE FRAMEWORK OF A STRENGTHENED INTERNATIONAL MONETARY FUND,
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PAGE 03 USUN N 05829 01 OF 02 092136Z

THAT WILL PROMOTE ECONOMIC DEVELOPMENT AND ENCOURAGE THE GROWTH OF WORLD TRADE ON A STABLE AND EQUITABLE BASIS;

2. EXPRESSED CONCERN AT THE DIFFICULT AND COMPLEX PROBLEMS FACING THE WORLD ECONOMY, SUCH AS GENERALIZED INFLATION AND THE PROSPECTS OF RECESSION AS WELL AS THE ACUTE PROBLEMS CONFRONTING, IN PARTICULAR, DEVELOPING COUNTRIES; AND EMPHASIZES THE NEED TO SOLVE

SUCH PROBLEMS BY THE CO-OPERATIVE EFFORTS OF THE INTERNATIONAL COMMUNITY AS A WHOLE, IN LINE WITH THE PRINCIPLES AND OBJECTIVES ESTABLISHED IN GENERAL ASSEMBLY RESOLUTION 3202 (VI), WITH NATIONAL ANTI-INFLATIONARY POLICIES AND TAKE INTO ACCOUNT THE REPERCUSSION ON OTHER COUNTRIES AND PARTICULARLY ON THE DEVELOPING COUNTRIES; AND WITH FINANCIAL ARRANGEMENTS DESIGNED TO EASE THE SHORT-TERM BALANCE-OF-PAYMENTS PROBLEMS THAT TAKE FULLY INTO ACCOUNT THE NEEDS OF ALL COUNTRIES CONCERNED;

3. ENDORSES THE CONCEPT OF AN ADJUSTMENT PROCESS IN WHICH ADEQUATE METHODS TO ASSURE TIMELY AND EFFECTIVE BALANCE-OF-PAYMENTS ADJUSTMENT WILL BE ASSISTED BY IMPROVED INTERNATIONAL CONSULTATION WITHIN THE INTERNATIONAL MONETARY FUND;

4. NOTES WITH SATISFACTION THE RECOGNITION OF THE IMPORTANCE OF THE TRANSFER OF REAL RESOURCES TO DEVELOPING COUNTRIES FOR THE EFFICIENT FUNCTIONING OF THE INTERNATIONAL ADJUSTMENT PROCESS AND WELCOMES IN THIS CONNEXION THE DECISION THAT THE NEW INTERIM COMMITTEE OF THE INTERNATIONAL MONETARY FUND WILL GIVE CONTINUED ATTENTION TO THE TRANSFER OF REAL RESOURCES IN THE CONTEXT OF THE ADJUSTMENT PROCESS;

5. STRESSES THE IMPORTANCE OF AVOIDING THE ESCALATION OF RESTRICTIONS FOR BALANCE-OF-PAYMENTS PURPOSES DURING THE INTERIM PERIOD WHEN THE REFORMED MONETARY SYSTEM IS FURTHER DEVELOPED AND PARTICULARLY OF SAFEGUARDING THE INTERESTS OF THE DEVELOPING COUNTRIES AT ALL TIMES DURING THIS PROCESS; AND IN THIS CONTEXT WELCOMES THE RECOMMENDATIONS OF THE COMMITTEE ON REFORM OF THE THE INTERNATIONAL MONETARY SYSTEM AND RELATED ISSUES THAT DEVELOPING COUNTRIES SHOULD BE EXEMPTED TO

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UNCLASSIFIED

PAGE 04 USUN N 05829 01 OF 02 092136Z

THE FULLEST EXTENT POSSIBLE FROM IMPORTS AND ON CAPITAL MOVEMENTS RESTRICTIONS APPLIED BY DEVELOPED COUNTRIES;

6. WELCOMES THE ESTABLISHMENT OF THE INTERIM COMMITTEE OF THE BOARD OF GOVERNORS OF THE INTERNATIONAL MONETARY FUND ON THE INTERNATIONAL MONETARY SYSTEM AS WELL AS OF THE IBRD-IMF DEVELOPMENT COMMITTEE;

7. FURTHER STRESSES THAT THE IMPROVED MANAGEMENT OF INTERNATIONAL ECONOMY BOTH IN THE SHORT AND LONG TERMS REQUIRES A TRIPARTITE APPROACH ENCOMPASSING MEASURES IN THE MONETARY, DEVELOPMENT, FINANCIAL AND COMMERCIAL SPHERES AND, THAT IN ORDER TO BE FULLY RESPONSIVE TO DEVELOPMENT REQUIREMENTS OF DEVELOPING COUNTRIES, THE REFORMED MONETARY SYSTEM SHOULD BE DEVELOPED IN CONJUNCTION

WITH COMMENSURATE ARRANGEMENTS FOR THE EXPANSION OF THE EXPORTS OF THE DEVELOPING COUNTRIES AND AN ACCELERATION IN THE FLOW OF REAL RESOURCES TO THEM UNDER FAVOURABLE TERMS AND CONDITIONS, CONSISTENT WITH THEIR DEVELOPMENT NEEDS;

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PAGE 01 USUN N 05829 02 OF 02 092156Z

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UNCLAS SECTION 2 OF 2 USUN 5829

8. URGES DEVELOPED COUNTRIES, FOR THIS PURPOSE:

(A) IN DESIGNING THEIR ADJUSTMENT MEASURES, NOT TO REDUCE THE ACCESS OF EXPORTS FROM DEVELOPING COUNTRIES TO THEIR MARKETS, THE ACCESS OF THESE COUNTRIES AND INTERNATIONAL FINANCIAL INSTITUTIONS TO THEIR FINANCIAL MARKETS, NOR TO REDUCE THE VOLUME OF OFFICIAL DEVELOPMENT ASSISTANCE OR HARDEN ITS TERMS AND CONDITIONS;

(B) FORTHWITH TO REMOVE TO THE FULLEST EXTENT POSSIBLE EXISTING LEGAL INSTITUTIONAL AND ADMINISTRATIVE OBSTACLES TO THE ACCESS OF DEVELOPING COUNTRIES TO THEIR FINANCIAL MARKETS, AND ALL SUCH IMPORT RESTRICTIONS WHICH HAVE BEEN IMPOSED IN CONTRAVENTION OF THE STANDSTILL PROVISIONS CONTAINED IN THE GENERAL AGREEMENT ON TARIFFS AND TRADE,

THE UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT
AND THE INTERNATIONAL DEVELOPMENT STRATEGY FOR THE SECOND
UNITED NATIONS DEVELOPMENT DECADE;

(C) TO ACCELERATE THE PACE OF THE IMPLEMENTATION OF
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PAGE 02 USUN N 05829 02 OF 02 092156Z

THE TARGETS LAID DOWN IN THE INTERNATIONAL DEVELOPMENT
STRATEGY FOR THE NET AMOUNT OF FINANCIAL RESOURCES
TRANSFERS TO THE DEVELOPING COUNTRIES, PARTICULARLY ITS
OFFICIAL COMPONENT, SO AS TO MEET THE TARGET OF THE STRATEGY
AND TO MAKE EVERY EFFORT TO EXCEED IT;

(D) TO ADOPT MEASURES FOR LIBERALIZATION OF TRADE, AND
FOR PREFERENTIAL ACCESS OF EXPORTS OF DEVELOPING COUNTRIES
IN WORLD MARKETS, AS LAID DOWN IN THE STRATEGY AND IN
ACCORDANCE WITH THE TIME TARGETS SET THEREIN;

9. REAFFIRMS THE POLICY AND CO-ORDINATING FUNCTIONS OF THE
ECONOMIC AND SOCIAL COUNCIL UNDER THE CHARTER AND THE
CENTRAL ROLE OF THE UNITED NATIONS CONFERENCE ON TRADE
AND DEVELOPMENT WITHIN THE UNITED NATIONS SYSTEM ON
MATTERS RELATED TO TRADE AND DEVELOPMENT AND, IN
THIS CONNEXION, EXPRESSES THE HOPE THAT A FRUITFUL
CO-OPERATION WILL DEVELOP BETWEEN THE IBRD/IMF DEVELOPMENT
COMMITTEE AND THOSE BODIES;

10. WELCOMES THE AGREEMENT OF THE COMMITTEE OF 20 TO
UTILIZE THE SPECIAL DRAWING RIGHTS AS THE PRINCIPAL
RESERVE ASSET AND ALSO THE NUMERAIRE IN TERMS OF WHICH
PAR VALUES WILL BE EXPRESSED;

11. EMPHASIZES THAT A POLITICAL DECISION ON THE LINK
BETWEEN DEVELOPMENT FINANCE AND SPECIAL DRAWING RIGHTS
ALLOCATION WILL HAVE TO BE REACHED WITHOUT FURTHER
DELAY; BEARING IN MIND THAT THE EXECUTIVE BOARD OF
THE INTERNATIONAL MONETARY FUND, IS NOW WORKING ON A
SERIES OF AMENDMENTS TO THE ARTICLES OF AGREEMENT OF THE
FUND, INCLUDING ONE TO AUTHORIZE THE FUND TO IMPLEMENT THE
LINK FOR CONSIDERATION BY THE IMF INTERIM COMMITTEE IN
JANUARY 1975 AND BY ITS BOARD OF GOVERNORS IMMEDIATELY AFTER;

12. WELCOMES THE ESTABLISHMENT BY THE FUND OF THE OIL
FACILITY AS WELL AS THE NEW EXTENDED FACILITY UNDER WHICH
DEVELOPING COUNTRIES SHOULD BE ABLE TO RECEIVE LONGER-
TERM BALANCE-OF-PAYMENTS FINANCE UNDER MORE FAVOURABLE
TERMS AND CONDITIONS AND URGES THE NEED TO FURTHER IMPROVE
THE TERMS AND CONDITIONS OF BOTH FACILITIES IN ORDER
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PAGE 03 USUN N 05829 02 OF 02 092156Z

TO MAKE THEM FULLY RESPONSIVE TO THE BALANCE-OF-PAYMENTS
NEEDS OF THE DEVELOPING COUNTRIES, IN PARTICULAR OF THE
LEAST DEVELOPED COUNTRIES;

13. STRESSES THAT THE NEW EXTENDED FUND FACILITY CANNOT
BE CONSIDERED AS A SUBSTITUTE FOR THE LINK;

14. STRESSES THE NEED TO REVISE THE QUOTA SYSTEM OF THE
INTERNATIONAL MONETARY FUND SO AS INTER ALIA:

(A) TO REFLECT MORE ACCURATELY THE REQUIREMENTS OF
DEVELOPING COUNTRIES FOR, AND THEIR ABILITY TO CONTRIBUTE
TO, BALANCE-OF-PAYMENTS FINANCE;

(B) TO REFLECT RECENT CHANGES IN BALANCE-OF-PAYMENTS
POSITION AND CREDITOR POSITIONS OF THE MEMBERS OF THE FUND;

(C) TO INCREASE THE PARTICIPATION OF DEVELOPING COUNTRIES
IN THE DECISION-MAKING PROCESS OF THE FUND CONSISTENT
WITH MEASURES REFERRED TO IN PARAGRAPHS (A) AND (B) ABOVE;

15. EMPHASIZES THAT ANY DECISION ON THE CURRENT STATUS OF GOLD:

(A) SHOULD BE INTERNATIONALLY AGREED;

(B) SHOULD SERVE TO PROMOTE THE OBJECTIVES OF THE MONETARY
REFORM, WITH THE SPECIAL DRAWING RIGHTS BECOMING THE
PRINCIPAL RESERVE ASSET AND WITH THE ROLE OF GOLD
AND RESERVE CURRENCIES BEING GRADUALLY REDUCED;

(C) SHOULD NOT ACCENTUATE EXISTING INEQUITIES IN THE
DISTRIBUTION OF WORLD LIQUIDITY TO THE DETRIMENT
OF THE DEVELOPING COUNTRIES.
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